



Indiana Department of Natural Resources

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MEMORANDUM 2007-1

To: All Indiana Oil and Gas Operators with Multi-Year Plugging Agreements
From: Herschel McDivitt, Director
Date: March 23, 2007
Subject: Sale of Wells on Multi-Year Plugging Agreements

Recently the Division of Oil and Gas (Division) received applications to transfer a number of permits that are currently included on an operators Multi-Year Plugging Agreement (Agreement). A question has arisen as to how, if at all, the sale and transfer of wells would affect an operator's obligations under that Agreement. This memorandum is written to address that question.

The Division will not approve the transfer of any permits which are currently included on an Agreement until the purchaser has made appropriate commitments to the Division to either: return the wells to active status; place the wells on Temporary Abandonment status or plug them in a timely manner. Until the transfer of these permits is approved, the current well permittee will continue to be responsible for complying with all of the terms and conditions of the existing Multi-Year Plugging Agreement and the Oil and Gas Act.

Further, the Division will not recognize the sale of any well presently listed on an Agreement for use as a credit to be applied against the annual requirement to plug the specified number of wells. For example, if the existing Agreement requires the plugging of a minimum of fifteen (15) wells annually, the sale of ten (10) wells and the plugging of five (5) wells will not satisfy the requirement to plug the required minimum of fifteen (15) wells.

Questions regarding this document can be directed to me by e-mail at hmcdivitt@dnr.in.gov, or by phone at (317) 232-4058.

Herschel L. McDivitt, Director
Division of Oil and Gas